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To : NOE - Mr. Hullen
From : NOE - Mr. Green
Subject: Situation in Finland

The Finnish-Soviet pact, signed on April 6 and expected to be ratified in the near future, represents a respectable accomplishment on the part of the Finns in defending their viewpoint vis-a-vis the Russians. The proof of the pudding is, of course, in the eating, and only the implementation of the pact, particularly of Article 2, will show the value of the delay and concessions thus far gained by the Finns.

It is assumed that the Soviet Union will not be satisfied with the situation in Finland until there exists there a fully subservient Communist Government. However, the urgency in the eyes of the Soviets for this development, and the amount and type of pressure which they will bring to bear at any given time to promote this result is uncertain.

Various rumors and reports have it that the Finnish Communist Party has been instructed to carry out a coup before the national elections scheduled for the first week in July. Mid-May has been most frequently mentioned as the date for this project. Other reports are to the effect that large numbers of Communist agents (7,000 is a figure mentioned) are entering Finland from the USSR.

The following measures are understood to have been instituted in Finland against a coup:

- (1) The Army has been alerted and is believed reliable.
- (2) The Association of Army Reserve Officers has been alerted and is strongly anti-Communist.
- (3) Attention has been called to the unreliability of the State Police by means of a question in the Diet.

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(4) President Paasikivi has given public assurance that the July elections will be free.

It is our judgment, on the basis of the best information available, that the Finnish Communist Party cannot unassisted stage a successful coup, although it could bring the country to a standstill and possibly something approaching civil war.

If this judgment is correct, the following questions are pertinent:

(1) Will the Soviet Union accept the situation for the present and proceed (by means of implementation of the pact, political and economic pressure) to lay the groundwork for full Communist domination at a later date?

(2) Will the Finnish Communist Party be instructed to attempt a coup before July and if so, to what lengths will the Soviet Union go in furnishing support and arms?

(3) Will the Soviet Union occupy Finland should this prove necessary in order to install a Communist regime? It must be assumed that if a coup is ordered, the USSR will be committed to see it through to a successful conclusion.

The Soviet analysis of the situation may run as follows:

(1) The prospect for the Italian elections is unfavorable, resulting in a weakening of Soviet prestige.

(2) ERP has passed and is underway with a reasonable prospect of promoting stability in Western Europe.

(3) Political cooperation amongst the Western European countries is becoming increasingly effective and the prospect of effective working arrangements with and support from the US is growing.

(4) Finland's reliability from the Soviet viewpoint is unsatisfactory and may be much more so

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after the July elections and after the stabilization and strengthening of Western Europe. Finnish exports to Western Europe, although not crucial, are a factor in the recovery of that area.

(5) The United States would not go to war on Finland's behalf.

These are considerations favoring drastic Soviet action to consolidate its position in Finland while it can. Factors which would weigh against drastic Soviet action may be the following:

(1) The uncertainty of success without direct Soviet intervention.

(2) The fact that Soviet intervention would involve a type of clearly demonstrable and direct action which could not be disguised as it has been in previous cases. It would have a further violent effect in consolidating UN and world opinion against the Soviet Union. Locally it would firmly consolidate Scandinavian opposition to the USSR and support of the West.

(3) Political, strategic, and long-term economic advantages would be for some time counterbalanced by loss of reparations (this assumes dogged Finnish resistance to Communist domination) and by the outlay of funds and material to keep Finnish Communism in the saddle.

Soviet estimates of the firmness and effectiveness of Finnish preparations to resist a coup may, on balance, be decisive in the Soviet decision. It seems appropriate, therefore, to suggest to Minister Warren that he, in line with similar British action, discreetly point out to appropriate Finns the usefulness of studying carefully the pattern of events in Czechoslovakia and taking suitable measures to prevent their repetition in Finland.

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